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28 SEP 1979

MEMORANDUM FOR: Deputy Director of Central Intelligence

VIA: Deputy Director for Administration  
Comptroller

FROM: James H. McDonald  
Director of Logistics

SUBJECT: Goal Setting

- REFERENCES:
- A. OFPP Policy Letter 79-3, dated 7 September 1979, Subject: Goal Setting (ER 79-3849/1, DDA 79-2976)
  - B. OFPP Policy Letter No. 79-1, dated March 7, 1979, Subject: Implementation of Section 15(k) of the Small Business Act, as amended: Office of Small and Disadvantaged Business Utilization (ER 79-645)
  - C. Letter to Mr. Currie, Acting Administrator, OFPP, from DDCI, dated 17 May 1979 (ER 79-3849/A, DDA 79-1336/1, COMPT 79-0546)

1. Reference A cites a requirement of PL 95-507, which amended the Small Business Act and the Small Business Investment Act of 1958, that the head of each Federal agency, after consultation with the Small Business Administration (SBA), establish realistic goals and report their achievement in awarding contracts of \$10,000 or more to small business concerns and to small business concerns owned and controlled by socially and economically disadvantaged individuals. Reference B was Office of Federal Procurement Policy's (OFPP) initial policy issuance on PL 95-507 and set forth various requirements of the new law. Reference C provided the Central Intelligence Agency's (CIA) position on PL 95-507.

OL 3 3889a

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2. In the Reference C correspondence it was explained that the Director of Central Intelligence's statutory responsibility to protect against the disclosure of intelligence sources and methods, 50 U.S.C.A. 403(d)(3), (Section 102 of the National Security Act of 1947), has resulted in unique methods of handling our procurement requirements. We further described that funding for most of our procurements is considered to be "... for objects of a confidential, extraordinary, or emergency nature. . . ." and defined in Section 8(b) of our CIA Act (50 U.S.C.A. 403j) and that no third party privity is permitted on such transactions. That same correspondence stated that "... CIA will not be able to implement the portions of PL 95-507 discussed in OFPP Policy Letter No. 79-1."

3. Based upon the foregoing, it is recommended that we take no action with regard to Reference A. If, at some future time, the SBA should contact CIA with regard to the subject of goal setting for contract awards to small business, and to small business concerns owned and controlled by socially and economically disadvantaged individuals, we can advise the SBA of our position as set forth in Reference C.

/s/ James H. McDonald

James H. McDonald

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OL/PMS:  5 Sep 79